PROVINCE OF SASKATCHEWAN

07-08

ANNUAL REPORT

MINISTRY OF
GOVERNMENT SERVICES

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This annual report is also available at www.gs.gov.sk.ca

Letters of Transmittal

His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it please Your Honour:

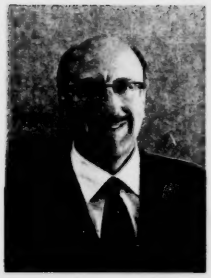
I respectfully submit the Annual Report for the Ministry of Government Services for the fiscal year ending March 31, 2008.

This fiscal year has been a time of transition as a new government has come into power and I have assumed my portfolio, but it has also been a time of uninterrupted quality service. The Ministry of Government Services, formerly Saskatchewan Property Management, operates in an important yet behind-the-scenes role in providing central support services to the government. I am charged with ensuring these services continue to be efficient and effective, and ensuring they are also environmentally responsible. Conscientious vehicle purchasing and energy-efficient buildings are two key areas in which the ministry contributes to reducing government's environmental footprint.

Since the election in November 2007, this government has been building on its values of growth, security, and promises. During this time, government has been deliberating on how to strategically invest in Saskatchewan to ensure the momentum translates into long-term, sustained economic prosperity, and to make certain that the benefits of the growing economy are felt by everyone who calls Saskatchewan home.

We are committed to accountability and to ensuring that we deliver on our commitments. A significant number of commitments have already been made to Saskatchewan people in 2007-08 in the election platform, the Speech from the Throne and in the public Ministers' Mandate letters. This report will provide progress on those commitments as they relate to this ministry as of March 31, 2008. We look forward to furthering our commitment to improved accountability as 2008-09 progresses.

Dan D'Autremont
Minister of Government Services



The Honourable Dan D'Autremont
Minister of Government Services

I have the honour of submitting the Annual Report for the Ministry of Government Services for the fiscal year ending March 31, 2008.

Phil Lambert
Acting Deputy Minister

Ministry Overview

The Ministry of Government Services manages an extensive portfolio of property and provides centralized support services to government ministries and to many public agencies. Whether that is providing reliable transportation, finding appropriate office space for public servants to work in, making sure mail reaches its destination, or implementing new telecommunications technology, the ministry serves the government, often behind the scenes. By providing efficient and effective services for day-to-day operations, Government Services supports other ministries by enabling them to focus on their specific mandates to serve the people of Saskatchewan.

Mandate

The Ministry of Government Services supports government program delivery by providing central support services of accommodation and property management, furnishings and supplies, transportation, purchasing, risk management, records management, telecommunications and mail distribution. Services are delivered by providing good value for money and by incorporating environmental initiatives through the purchase of fuel efficient vehicles and targets to reduce the government's own environmental footprint.

By the numbers (as of March 31, 2008)

- 834.5 full-time equivalent employees
- Located in 170 communities
- Leases or owns 772 buildings
- Owns more than 5,500 vehicles
- Owns and operates 6 aircraft
- Processes 25 million pieces of mail per year
- Stores over 150,000 boxes of government records
- Tenders approximately $125 million in goods per year
- Manages $2.1 billion worth of property

Accommodation Services

Accommodation Services provides government ministries and agencies with office and program space, working with them to identify and meet their accommodation needs.

- **Property Services** – Provides accommodation planning, real estate and leasing, construction project management, and sustainability/energy management.
- **Facility Operations** – Provides building cleaning services, building maintenance and operations, and construction services.
- **Furniture Services** – Services include office ergonomics, new furniture acquisition, workspace layout and design, furniture refurbishing, provision of used furniture, and artwork.

Commercial Services

- **Transportation** – The Central Vehicle Agency (CVA) provides vehicles and fleet management services to government ministries, some Crown corporations, and other publicly funded organizations. Air Transportation Services include Air Ambulance Service to the Ministry of Health and Executive Air Service for elected officials.
- **Relocation Services** – A full range of relocation services is managed for executive government employees.

- **Records Management** – A central, secure storage facility warehouses and retrieves government documents and disposes of documents following Saskatchewan Archives Board approval.
- **Mail Services** – Handles mail for government ministries, boards, commissions, corporations and authorized public agencies.
- **Distribution Centre** – Provides office and janitorial supplies to clients and achieves savings to government by bulk purchasing and centralized warehousing.
- **Telecommunications** – Manages VoIP (Voice over Internet Protocol), CommunityNet, telephone directory, Blue Pages and PAD (Priority Access Dialtone) services for the government.

Commercial Services also included Information Technology until it was transferred to ITO on March 16, 2008.

Corporate Support Services

- **Financial Services** – Provides accounting and budgeting-related activities, as well as financial reporting and consulting and administrative services.
- **Internal Audit** – Reviews internal controls and processes and makes recommendations for improvement.
- **Purchasing** – Provides centralized procurement services for goods and services for public agencies.
- **Planning and Policy** – Provides strategic planning, policy and pricing analysis, and business improvement services.
- **Risk Management** – Includes investigative services, insurance services, information technology security, privacy, business continuity planning, environmental health and safety expertise, and employee occupational health and safety services.
- **Protective Services** – Manages building security systems and coordinates photo ID cards across government.

Corporate Support Services also included Human Resources until the unit was transferred to the Public Service Commission in October 2007.

Minister's Mandate

In November 2007 the new Minister of Government Services was given the mandate to achieve the following objectives over four years:

- Ensure that all new vehicles purchased by the provincial government are hybrid or fuel efficiency vehicles.
- Ensure that government ministries follow the lead of the Crowns in establishing measurable goals and targets to reduce their environmental footprint and report publicly on their initiatives.

This letter can be found at http://www.gov.sk.ca/cabinet/dautremont/.

Progress in 2007-08

A New Government Direction – Growth, Security and Promises

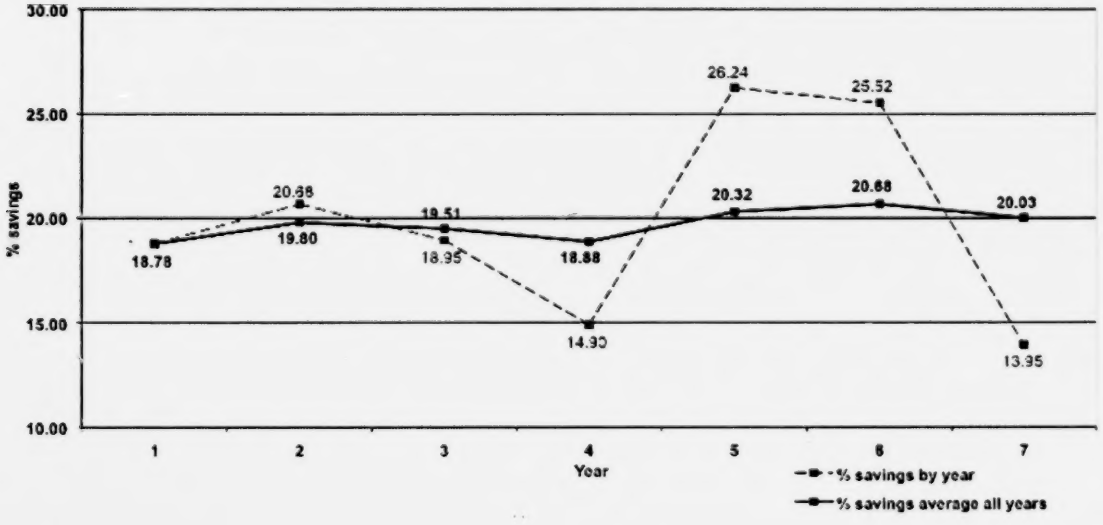
Minister's Mandate Letter

Ensure that all new vehicles purchased by the provincial government are hybrid or fuel efficiency vehicles.

- Purchase hybrid and alternative fuel vehicles that meet client vehicle requirements to achieve reduced fuel consumption and lower greenhouse gas emissions. [2007-08 planned result]
    - o One hybrid and 345 flex-fuel (E85 capable) vehicles were added to the fleet, for a total of 14 hybrids and 440 flex-fuel vehicles.
- *Future direction*
    - o The ministry has adopted a vehicle acquisition policy to make all new purchases hybrid, alternative fuel, or in the top 20 per cent fuel efficiency in their class. Vehicle purchases will remain appropriate to their usage and function.

Ensure that government ministries follow the lead of the Crowns in establishing measurable goals and targets to reduce their environmental footprint and report publicly on their initiatives.

- Upgrade key government facilities to achieve an overall decrease in energy consumption of 20 per cent per year. [2007-08 planned result]
    - o Approximately $16.9 million was spent this fiscal year on upgrades to achieve an average decrease of 20 per cent over the past seven years.



- Upgrade energy efficiency of five government facilities in 2007-08. [2007-08 planned result]
    - o The following six facilities were upgraded at a cost of $1.24 million for an overall decrease in energy of 20 per cent: Kilburn Hall, Paul Dojack Youth Centre, and the equipment repair depots in Saskatoon, Swift Current, North Battleford and Moose Jaw.

- Purchase 30 million kWhs of green energy (wind-generated electricity), which represents approximately 36 per cent of the electrical energy purchase for executive government at a cost of $640,000. [2007-08 planned result]
    - Thirty-six per cent of energy needs were met with 22 million kWhs of green energy.

- Obtain Leadership in Energy and Environmental Design (LEED®) certification for Century Plaza and the Regina Provincial Correctional Centre (RPCC) 1913 replacement project, and design the Saskatchewan Disease Control Laboratory (SDCL) to meet LEED® certification. [2007-08 planned result]
    - The application for Century Plaza has undergone a first review, and revisions are being made. Final results expected within six to twelve months.
    - The application for the RPCC will be submitted once the project is complete.
    - The SDCL has been designed in accordance with LEED® standards.

- Plan and design new courthouses in La Ronge and Meadow Lake to meet LEED® standards. [2007-08 planned result]
    - The Meadow Lake courthouse is being designed according to LEED® standards, and the La Ronge courthouse design has been delayed due to rezoning the site.

- Promote increased recycling of paper and returnable containers within government buildings and install more recycling bins in government facilities. [2007-08 planned result]
    - Paper recycling contracts for 11 Regina buildings.
    - The ministry's head office uses vermiculture composting to reduce waste.

- *Future Direction*
    - With the advancement of new technologies and increased costs of energy, the core facilities will be reassessed to look for future savings opportunities. Analysis underway with final results expected September 2008.
    - The carbon footprints for all ministry-owned facilities are being calculated in an effort to promote increased awareness and participation in energy-reduction and recycling efforts.
    - The ministry will be developing appropriate measures for energy efficiency, water consumption, and greenhouse gas emissions for reporting in the future.

Finance Minister's Mandate Letter

In November 2007 the new Minister of Finance was given the mandate stated below. Government Services periodically completes program reviews, and will continue to conduct regular and thorough business reviews of its programs and services.

Ensure government ministries and agencies review all programs and services as part of the annual reporting process.

- Program reviews completed in 2007-08: CVA and Executive Air (both carried out by external agencies)
- Program reviews currently underway:
    - Internal: Furniture Services, Mail Services, Air Ambulance (led by Health)
    - External: Distribution Centre

This letter can be found at http://www.gov.sk.ca/cabinet/gantefoer/.

Progress by Key Program

Client Satisfaction

As a ministry that primarily provides centralized and support services, Government Services must be accountable to its clients, whether they are other ministries or public agencies or Crown corporations. The client survey is one benchmark the ministry uses to gauge the effectiveness and efficiency of its programs and services.

Survey client satisfaction in March 2008 with various services. [2007-08 planned result]
- Survey completed March 31, 2008.

Measurement Results

Percentage of clients satisfied with service received for government support, accommodation, transportation and purchasing services:

Category	March 2006 (%)	March 2008 (%)
Government support services	72.5	81.9
Accommodation services	75.2	76.0
Transportation services	84.3	89.2
Purchasing services	2.0	87.3
Overall rating	**75.0**	**81.9**

The ministry surveys its clients every two years to determine satisfaction with its programs and services. Respondents are asked to rate service, value for money and needs met using a five-point scale from "very satisfied" to "very dissatisfied."

Government Services has a high level of influence on this measure since it determines the nature, level, price and means of service delivery to clients.

A total of 66 clients were surveyed in March 2008 and 35 responses were received. The responses provide a level of accuracy of plus or minus 11.1 per cent, 95 times out of 100. The performance measure indicates the percentage of clients that are either satisfied or very satisfied with services, value for money and needs met.

Results before 2006 are not shown, since the survey format was changed and results are not directly comparable. [1] In addition, the results from 2006 have been restated to coincide with how the 2008 results were computed.

[1] The 2004 survey used a four-point scale. The current five-point scale includes a neutral option: "neither satisfied nor dissatisfied."

Accommodations

The government occupies numerous buildings across the province, most of which are owned, leased, and/or managed by Government Services. These buildings include not only office buildings, but also everything from equipment storage sheds and healthcare facilities to correctional centres, courthouses, and museums. The ministry undertakes the challenging task of meeting government and agency accommodation needs and maintaining appropriate and adequate space for programs. In addition, new construction and upgrades to existing buildings give the ministry opportunities to use energy-efficient technology and materials to reduce the government's carbon footprint.

Identify long-term program and space requirement needs in consultation with clients. Focus will be on working with:

a) **Justice and Attorney General for court facilities in La Ronge, Meadow Lake, Saskatoon, Melfort, Yorkton, and Lloydminster, as well as enhanced security in several courthouses throughout the province.**

b) **SIAST for long-term requirements for all campuses. Representatives from Government Services, SIAST, and Advanced Education and Employment and Labour will collaborate on a Memorandum of Understanding (MOU) regarding provincial strategic facilities planning and management for SIAST facilities.**

c) **Corrections, Public Safety and Policing (CPSP) for long-term requirements for all correctional facilities with emphasis on Regina, Saskatoon and Prince Albert adult facilities, and for young offender facilities across the province.** [2007-08 planned result]

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a) Justice, Attorney General

New court facilities

La Ronge ..... site confirmation required to design
Meadow Lake ..... design in progress
Melfort ..... awaiting client approval to begin design
Yorkton ..... project completed
Lloydminster ..... awaiting client approval to begin design

Courthouse security enhancements

Saskatoon, Prince Albert, Regina ..... nearing completion

Northern Court Circuit Point assessment

- *completed for 13 circuit points*
- *Courts Facility and Security Committee reviewing options and priorities*

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b) SIAST

Palliser ..... $3.9 million upgrade complete
Kelsey ..... $6.95 million upgrade complete
..... $14 million invested to purchase and renovate a 3,500 square metre building

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c) Corrections, Public Safety and Policing

- *Government Services is a member of Accommodation, Adult Corrections and Youth Offender Facility steering committee*

Refine annually the list of core government facilities based on client needs in order to allocate limited capital and maintenance funding to priority facilities. [2007-08 planned result]

- The refined list includes 81 facilities with a total of 141 buildings.

Update the capital plan for core facilities based on a priority rating system.
[2007-08 planned result]

- Capital and major maintenance projects planned for 2007-08 include work in the following buildings:

La Ronge		
Mistasniuk Place	update architectural elements and floor plates	50% complete; behind schedule due to tendering delay
Moose Jaw		
SIAST Palliser	several minor projects	50% complete; concurrent client project did not proceed
North Battleford		
Kramer Place	renovate second floor	50% complete; ahead of schedule
Prince Albert		
L.F. McIntosh Building	upgrade to 12th floor	85% complete; behind schedule due to tendering delay
Regina		
Cooper Place	mechanical and electrical upgrades, renovations and repairs	90% complete; on schedule
Walter Scott Building	mechanical and electrical upgrades	phase 1 (of 4) completed; phase 2 is 60% complete; behind schedule
T.C. Douglas Building	mechanical upgrades	on hold; project reprioritized
Saskatoon		
Calder Centre	address environmental deficiencies	65% complete; ahead of schedule
Swift Current		
E.I. Wood Building	fire code upgrades	design complete; estimated construction fall 2008 as scheduled
Wynyard		
Courthouse	install elevator	design complete; estimated construction spring 2009 as scheduled

Upgrade accessibility in 10 government buildings at an estimated cost of $2.1 million.
[2007-08 planned result]

Prince Albert	
L.F. McIntosh Building	combined with capital plan work; 85% complete; behind schedule due to tendering delay
SIAST Woodlands Campus	combined with capital plan work; 90% complete; on schedule
North Battleford	
Kramer Place	combined with capital plan work; 50% complete; ahead of schedule
Buffalo Narrows	
Northlands College	50% complete; on schedule
Wynyard	
Courthouse	75% complete; on schedule
Regina	
Cooper Place	combined with capital plan work; 90% complete; on schedule
Wascana Centre Infrastructure	98% complete
515 Henderson Drive	complete
Saskatoon	
Provincial Correctional Centre	90% complete; behind schedule due to tendering delay

Implement pricing for life-cycle costs for new and "re-lifed" facilities:

- **Regina – Dunning Place**
- **Prince Albert – Mobile Hospital Storage**
- **Carlyle – Equipment Storage Building**

[2007-08 planned result]

- Life-cycle costs, which provide for priority maintenance funding, were implemented in the identified buildings, as well as the Regina Provincial Correctional Centre grounds equipment and greenhouse buildings.

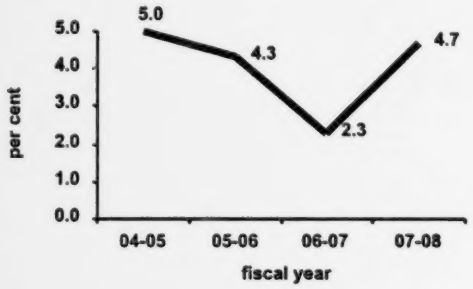
Participate in a cross-ministry committee to coordinate government capital planning and to make the government's capital procurement processes more efficient.
[2007-08 planned result]

- Government Services has shared potential tender dates and information on construction costs increases with the committee.

Measurement Results

Price comparisons for office space compared to the private sector:

Result: 4.7% below private sector market price (September 2007)



Government Services owns and leases space in buildings on behalf of government. In turn, this space is leased to government ministries. This performance measure shows the cost-effectiveness of centralized accommodation services provided to government ministries and agencies by comparing the gross rental rate for office space in Regina and Saskatoon to the private sector. These two areas are used for the baseline since they represent 68 per cent of total government office building space, and comparative market office space information is readily available. Program space that is designed for a specific function, such as a correctional facility or courthouse, is not included, as the private sector does not typically provide comparable facilities.

The level of influence over this performance measure is high. Government Services can influence the rates for office space by how and when it acquires accommodation, through quality specifications, timing of negotiations and Requests for Proposals, and build, buy, lease analysis and decisions.

Proportion of facilities meeting long-term client program needs:

Result: 60.7% (March 2008)

March 2006	March 2008
63.6%	60.7%

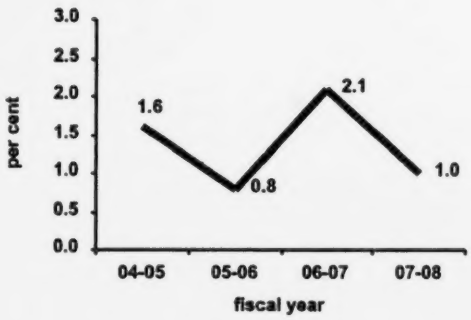
Government Services' performance in meeting clients' needs, service and value expectations is assessed through a survey sent to clients every two years. Results before 2006 are not shown, since the survey format was changed and results are not directly comparable. [2]

Level of influence is moderate. While the ministry provides accommodations to meet client needs, factors such as available funding, physical limitations of some buildings, and client expectations are outside the ministry's control.

Vacancy rate for office space:

Result: 1.0% (March 2008) [3]

While it is prudent to have some unused capacity in its buildings to allow for periodic movement and changes in people and programs, a relatively low vacancy rate minimizes the cost of unused space. This performance measure is designed to demonstrate how effectively Government Services manages its space portfolio. Regina and Saskatoon are used for comparative purposes in establishing vacancy measurements because they collectively represent 68 per cent of total available office space.



Level of influence is high. The ministry has direct influence over the availability of office space in its portfolio.

[2] The 2004 survey used a four-point scale. The current five-point scale includes a neutral option: "neither satisfied nor dissatisfied."

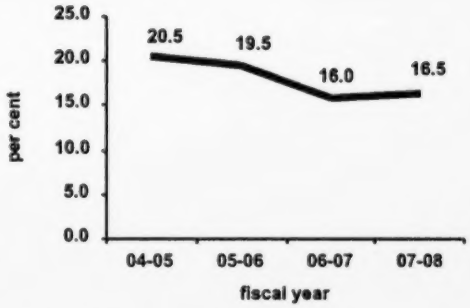
[3] Previous reports have reported the vacancy rate from March 31st of the previous fiscal year. Since the current number is now available, this report uses the number for March 31, 2008, and includes the 2007 number in the graph.

Average condition of government buildings (Facility Condition Index):

Result: 16.5% (September 2007)

The Facility Condition Index (FCI) for prior years has been restated to incorporate improvements in the data available and to address some changes in the method of calculation. The calculations now exclude those assets that are planned for disposal and for which Government Services is not responsible for major maintenance.

	Previous Numbers	Restated Numbers
2004	26	22.1
2005	30	20.5
2006	20	19.5
2007	16.5	16.0



Government Services must ensure buildings are kept in good condition to meet program needs and safety requirements. The industry measurement for facility condition is the Facility Condition Index (FCI). The lower the FCI, the better the condition of a facility, while the higher the index the greater chance the facility is showing signs of deterioration. A lower FCI is also a general indicator of a lower deferred maintenance backlog. The level of capital and maintenance funding available for government buildings will directly affect this performance measure.

Commercial Services - Transportation

Transportation Services, and in particular the Central Vehicle Agency, serves many clients within government and in the public sector. In a province where communities are often separated by long distances, transportation plays a critical role in sustaining a vital and interconnected public service. The CVA provides a full range of vehicle rental, leasing and management services to its clients.

Commission two aircraft to enhance Air Ambulance services for Saskatchewan residents.
[2007-08 planned result]
- The aircraft were both commissioned by September 2007.

Undertake a business analysis of replacement options for the vehicle fleet management system.
[2007-08 planned result]
- A business case is currently being developed for the replacement of the fleet management system.

Review surplus vehicle disposal activities to streamline the processes and achieve efficiencies.
[2007-08 planned result]
- Changes have been implemented to accept credit card and debit card payments for the sale of vehicles and miscellaneous items.

Consult with clients to review vehicle requirements and identify number and type of vehicles required to meet client needs. [2007-08 planned result]

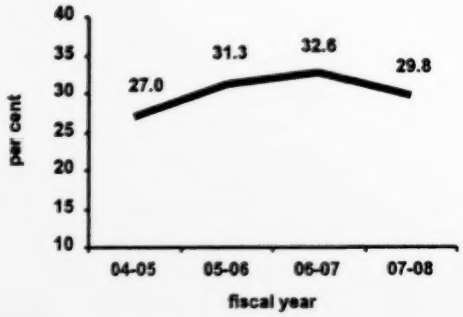
- Consultation was completed, the tender closed January 2008, and the vehicles are on order.

Measurement Results

Central Vehicle Agency (CVA) pool price compared to Public Service Commission private vehicle usage rate:

Result: The CVA price [4] ($0.278/km) is 29.8% below the Public Service Commission rate ($0.396/km) (October 2007)

Government Services assembles a fleet of vehicles and rents them to government ministries and agencies. Due to bulk purchasing and fleet management, significant savings are passed on to clients. Pools of vehicles located throughout the province are available for short-term use. CVA charges a per-kilometre fee to cover all fixed and operating costs for the pool vehicles. An alternative is to pay employees the private vehicle usage rate set by the Public Service Commission.



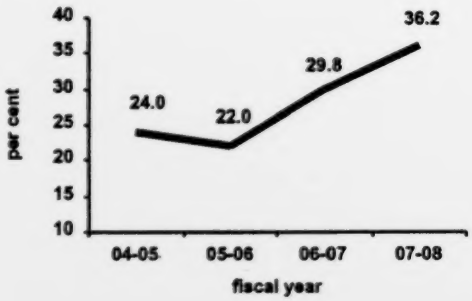
The level of influence over this measure is high. Government Services has significant influence on its prices for short-term vehicle usage, although it has no influence on the Public Service Commission's private vehicle usage rate.

CVA pool price compared to market price:

Result: The average CVA pool price [5] ($0.292/km) is 36.2% below the average market price ($0.458/km) (September 2007)

The comparison is based on an average of three rental company rates for a variety of one to three-day trips for a mid-sized vehicle.

Government Services has significant influence over its own prices charged to clients, and no influence over market prices.



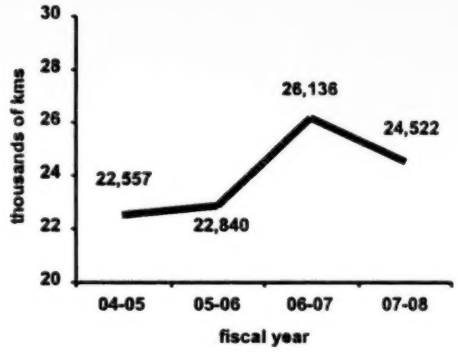
[4] Base rate for mid-sized vehicle, with a minimum distance of 100 km per day.
[5] Average price per kilometre for a mid-sized vehicle for variety of one to three-day trips.

Average annual distance traveled per government vehicle:

Result: 24,522 km (March 2008)

The average annual number of kilometres traveled per vehicle in the CVA fleet is an indication of the extent to which the vehicles are needed and used by government ministries and agencies. A low number of kilometres traveled per vehicle might suggest under-utilization, while a high number of kilometres might suggest more vehicles are required.

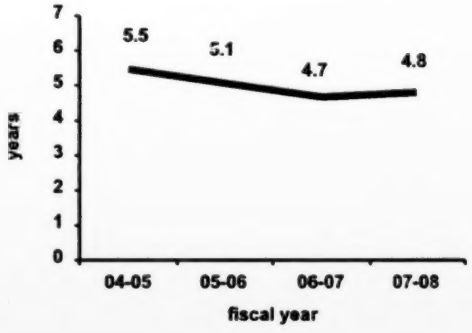
Level of influence over this measure is indirect. As a service provider, CVA determines the composition of the fleet. However, clients determine the extent to which vehicles are used.



Average age of vehicles:

Result: 4.8 years (September 2007)

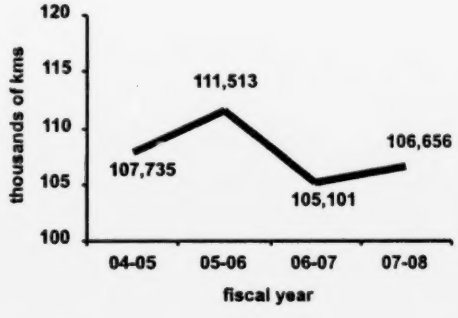
The average age of vehicles is an indication of the overall condition and sustainability of the fleet and the need for replacement. Government Services has a moderate level of influence over this measure. Each year, clients are surveyed to determine vehicle requirements, including the number and type of vehicles required; however, government determines the amount of funding available to purchase or lease vehicles. Moreover, clients may choose to continue to use vehicles that meet replacement guidelines.



Average mileage on vehicles:

Result: 106,656 km (September 2007)

The average mileage of vehicles is an indication of the overall condition and sustainability of the vehicle fleet. Government Services has a moderate level of influence over this measure, as it obtains the amount of funding to purchase or lease vehicles. However, as is the case with the above measure, the decision to retain or replace a vehicle once it exceeds the replacement guidelines rests with the client.



Commercial Services - Other

Commercial Services provides a number of central support services to government clients, including telecommunications, office supplies, and record storage.

Implement Voice over Internet Protocol (VoIP) communications within government offices in Regina to achieve annual cost savings and to enhance public access to government services. [2007-08 planned result]

- More than 1,500 handsets were installed in Regina before the project was placed on hold due to technical issues affecting quality. Quality issues were resolved after the reporting period, and the project will recommence in 2008-09.

Expand the number of multi-function devices (MFDs) installed in government offices to replace stand-alone copiers, fax machines and printers. [2007-08 planned result]

- Two-hundred and forty-two MFDs were installed in 2007 for a total of 1,211.

Develop an electronic bulletin board to advise clients of service delivery information and planned changes. [2007-08 planned result]

- Requirements to be developed for submission to Ministry Information Technology Management Committee. This project did not proceed due to resources being applied to other priority projects.

Enhance client access to and management of stored records with changes to records management software. [2007-08 planned result]

- A new system is in place and is being tested.

Purchasing

Government requires a large amount of goods and services each year, ranging from food to snowplows, and Government Services coordinates the purchase of goods over $5,000 and some services. The ministry uses a fair, open and competitive process to purchase quality products and services that are of the best overall value for government.

Implement changes to the Community Donations Program to distribute surplus government office items to community-based organizations. [2007-08 planned result]

- Letters are sent to new community-based organizations informing them of the program.
- Ministries are provided with recycling options from the Saskatchewan Waste Reduction Council's website to assist with disposal of unclaimed items.
- Direct sales process was implemented for larger unclaimed items, such as desks.

Implement an Aboriginal procurement policy to encourage Aboriginal-owned businesses to bid on government tender opportunities. [2007-08 planned result]

- The ministry is working to establish and maintain good working relationships with Aboriginal businesses to encourage them to participate in government procurement.
- CIC has developed an Aboriginal Business directory which the ministry uses to identify Aboriginal-owned businesses.

Enhance open, fair, competitive and transparent tendering for services by providing government ministries with guidelines and templates to use in contracting for services or in preparing requests for proposals. [2007-08 planned result]

- A guidelines document and updated templates have been developed and will assist ministries with service competitions.

Develop and implement electronic bid submissions for government tenders for goods and IT services conducted by the Purchasing Branch. [2007-08 planned result]

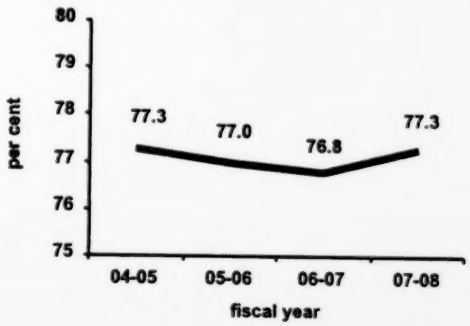
- The upgrade of SaskTenders.ca, including the electronic bid function, has been deferred until 2008-09 due to resources being applied to other priority projects.

Measurement Results:

Goods and information technology services sourced in Saskatchewan through the Purchasing Branch:

Result: 77.3% [6] (March 2008)

This measure recognizes that procurement can be an effective tool in promoting provincial economic activity and measures the proportion of government business being sourced within the province. Government Services has a moderate level of influence over this measure, as it is responsible to obtain best value for government and, concurrently, to encourage client ministries to support Saskatchewan suppliers.



Level of industry satisfaction when dealing with the Purchasing Branch:

Result: 77% (June 2007)

Government Services has a responsibility to ensure suppliers have confidence in the government procurement process. A supplier survey conducted every two years is used to measure supplier satisfaction. Suppliers were asked 16 questions using a five-point rating scale, ranging from "very satisfactory" to "very unsatisfactory" in rating their dealings with the Purchasing Branch. The performance measure indicates the percentage either "satisfied" or "very satisfied." Previous results are not shown, since the survey format was changed and results are not directly comparable. [7]

[6] Three-year averages ending March 31 each year, excluding aircraft purchases.

[7] Previous surveys used a four-point scale. The current five-point scale includes a neutral option: "neither satisfied nor dissatisfied."

Risk Management

As a building owner, project manager, and employer, Government Services has a moral and legal responsibility to manage risk. The ministry employs its own risk management team to protect its assets and employees, which also advises government ministries on risk management and insurance issues.

Develop risk management policies and coordinate risk management activity across government. [2007-08 planned result]

- A risk management policy framework is being developed.
- Continue to provide risk management advice to the Ministry of Health on the Canadian Blood Services risk financing program.
- Consulted with numerous ministries on a variety of risk-related issues, including Advanced Education, Employment and Labour, Highways and Infrastructure, Health, Finance, Environment, Industry and Resources, and PEBA.
- Developed and managed program-specific insurance programs for Environment (northern air operations), Agriculture (irrigation pumping stations), Finance (crime insurance for executive government) and Highways and Infrastructure (northern airport insurance).

Government Services' own risk management team monitors risks using a variety of techniques, including interviewing key personnel, conducting site inspections of high value facilities, and reviewing both external and internal reports generated from a variety of sources to assess and mitigate risks.

The following is a summary of the key risks, highlighting what the ministry is doing to manage these risks and identifying any opportunities arising from each:

- **Aging Infrastructure and Deferred Maintenance**

  A significant portion of government's building inventory is at an age when funds are required to ensure continued functionality. The risk is mitigated through ongoing preventative maintenance as well as systematic information gathering and analysis. Accessibility improvements, fire protection, and major preventative maintenance are high priority, while other projects are determined by building condition and program needs. Capital and maintenance funding is concentrated on the core government facilities deemed economically viable and needed for long term government programs. As well, Government Services ensures all space is safe for current government programming.

  While aging infrastructure is a liability, it is also an opportunity to make energy-efficient upgrades and reduce the carbon footprint of the government. Replacing decommissioned buildings allows the government to employ the latest green technology to construct in accordance with LEED® standards.

- **Recruitment, Retention and Succession Planning**

  Government Services mitigates this risk through a variety of programs. The Building Future Leaders program has selected employees participating in a series of learning and mentoring assignments to prepare them for opportunities for leadership positions within government. This program increases the pool of qualified internal talent and helps employees plan for career success. A supervisory leadership program has also been developed and introduced to support employee development. The ministry also introduced a trades apprenticeship program in 2007-08.

- **Market Risk**

  An unpredictable and ever-changing marketplace is a challenge for Government Services, especially with volatile fuel prices and rising lease costs. To adjust and respond to the dynamic market conditions, the ministry regularly reviews how well its programs and practices are meeting the needs of its clients, and conducts ongoing reviews of its operational costs. Regular operational reviews allow the ministry to continually identify opportunities to achieve greater efficiencies and offer better client service.

- **Business Continuity Management**

  Government Services mitigates the risk of a possible disruption in business operations by developing and testing business continuity plans. Plans for three service areas have been developed and work is continuing on developing business continuity plans for other key areas of the ministry. An emergency protocol notification system plan has been completed in the event that a significant adverse event occurs at Government Services' head office.

- **Management of Government Services Water, Wastewater and Distribution Systems**

  Government Services owns and operates 48 facilities that supply and/or distribute water outside of urban municipalities. The six larger water systems are regulated by the Ministry of Environment and the 42 small systems are regulated by the local health authorities. In addition, Government Services also owns 39 wastewater systems. This risk is mitigated through the regulation of the waterworks systems by outside authorities. Government Services has a Manager of Waterworks to oversee all water and sewage systems to ensure compliance with legislative requirements. At locations where the water has been deemed non-potable, signage has been put up, testing continues and an alternate source of drinking water is provided. For the large water systems, quality control, quality assurance and emergency plans have been developed and filed with the appropriate authorities.

- **Strengthening Internal Controls**

  Government Services mitigates this risk in a variety of ways. As a ministry, Government Services is required to follow the policies and procedures outlined in the Financial Administration Manual. Training and communications on fraud awareness, the importance of internal controls, and segregation of duties continue at all levels of the organization.

- **Contract Management**

  Government Services enters into numerous contracts annually, and all programs manage a variety of legal agreements, including lease contracts, construction contracts, service contracts and sale of goods agreements. To mitigate the risks related to managing all of these contracts, Government Services has developed standard lease agreements and standard project delivery contracts. Major changes to the standard agreements or the option of using the other party's contract are reviewed by the Risk Management branch and legal counsel. Corporations Branch searches are conducted for any new leases to ensure that the companies that Government Services is doing business with are legal entities and are licensed to conduct business in Saskatchewan.

2007-08 Financial Overview

Most of the ministry's programs operate on the principles of shared services and net budgeting which are set out in legislation in *The Financial Administration Act, 1993*. The act allows for ministries to provide shared services to other ministries and to charge those ministries for the costs of those services.

The cost of shared services is allocated to ministries and is described as an internal recovery because the ministries receiving those services are internal to the General Revenue Fund (GRF). Essentially, Government Services charges ministries for accommodation, transportation and other services provided to them. These charges are reflected in the financial results for the respective ministry.

The act also allows a form of net budgeting for commercial activities provided by a ministry to individuals and organizations that are outside of executive government. The provision of services to and recovery of the cost of those services from agencies external to the GRF are defined as commercial activities. The fees charged for these services are described as external recoveries. Government Services charges a recovery fee (price) for those services.

Following the ministry's pricing principle of cost recovery, the expenses of Government Services' Central Management and Services subvote are allocated to program subvotes and those costs are reflected in the full cost recovery rate structure. The cost of providing executive government's purchasing function is appropriated and is not recovered through charges to ministries. Some other costs are not recovered and are directly appropriated, including:

- Operations and Maintenance of the Legislative Assembly
- Energy Performance Investments
- Wind Energy
- Voice over Internet Protocol (VoIP)
- Telecommunications administration costs

The ministry's 2007-08 expenditure budget (appropriation) was $40.60 million, including $28.76 million for capital asset acquisitions.

In addition to appropriated funds, the ministry's funding also includes recovery of costs related to shared services and net budgeting. In total, the ministry's budgeted funding represents activity of $316.5 million, summarized as:

2007-08 Funding

	Budget ($000s)	**Actual** ($000s)
Total Appropriation	40,604	39,064
Expenses Allocated to Ministries	205,711	210,364
Expenses Charged to External Clients	70,186	71,776
TOTAL	316,501	321,204

The actual activity in 2007-08 was $321.2 million; a variance of $4.7 million. Results by subvote and program area are summarized in subsequent pages of the annual report. Detailed payee information will be published in Volume 2 of the 2007-08 Public Accounts.

In 2007-08, Government Service's full-time equivalent (FTE) budget was 834.5. Actual utilization was 786.3. The main reason for the variance was due to vacant positions during the year and delays in staffing.

Financial Results

The following table outlines information on actual and budgeted expenses by subvote and programs and capital asset spending. Capital asset spending includes amounts spent on capital acquisitions on behalf of other ministries for which Government Services recovered the expenditures. The table also identifies the amounts allocated to ministries as internal recoveries and amounts charged to clients external to the GRF. Explanations are provided for significant variances.

Central Management and Services (PM01)

	Budget ($000s)	Actual ($000s)	Variance ($000s)	Notes
Executive Management	650	828	178	1
Central Services	8,494	7,185	(1,309)	1
Accommodation Services	618	556	(62)	1
Allocated to Services Subvotes	(9,762)	(8,569)	1,193	1
	—	—	—	

Accommodation Services (PM02)

	Budget ($000s)	Actual ($000s)	Variance ($000s)	Notes
Operations and Maintenance of Property	129,553	128,168	(1,385)	2
Accommodation Costs Incurred on Behalf of the Legislative Assembly	3,056	3,056	—	
Program Delivery and Client Services	20,749	19,486	(1,263)	3
Wind Energy	640	514	(126)	4
Environmental Sustainability Investments	1,953	1,761	(192)	5
Accommodation Allocated to Ministries	(105,607)	(108,736)	(3,129)	6
Accommodation Charged to External Clients	(41,950)	(38,816)	3,134	6
	8,394	5,433	(2,961)	

Project Management (PM03)

	Budget ($000s)	Actual ($000s)	Variance ($000s)	Notes
Regina Provincial Correctional Centre	29,891	27,481	(2,410)	7
Saskatchewan Disease Control Laboratory	16,450	11,285	(5,165)	8
Voice over Internet Protocol (VoIP)	1,170	1,166	(4)	
Other	7,912	21,703	13,791	9
Project Management Allocated to Ministries	(54,253)	(55,760)	(1,507)	
Project Management Charged to External Clients	0	(4,709)	(4,709)	
	1,170	1,166	(4)	

Purchasing (PM04)

	Budget ($000s)	Actual ($000s)	Variance ($000s)	Notes
Purchasing	1,883	1,581	(302)	10

Transportation Services (PM05)

	Budget ($000s)	Actual ($000s)	Variance ($000s)	Notes
Vehicle Services	36,599	34,573	(2,026)	11
Air Services	8,688	8,937	249	12
Transportation Services Allocated to Ministries	(25,730)	(25,619)	111	13
Transportation Services Charged to External Clients	(19,557)	(18,222)	1,335	13
	—	(331)	(331)	

Government Support Services (PM06)

	Budget ($000s)	Actual ($000s)	Variance ($000s)	Notes
Mail Services	11,475	11,060	(415)	14
Telecommunications Services	11,830	12,674	844	15
Distribution Centre and Other Services	5,896	5,883	(13)	
Government Support Services Allocated to Ministries	(20,121)	(20,249)	(128)	16
Government Support Services Charged to External Clients	(8,679)	(10,029)	(1,350)	16
	401	(661)	(1,062)	

Major Capital Asset Acquisitions (PM07)

	Budget ($000s)	Actual ($000s)	Variance ($000s)	Notes
Land, Buildings and Building Improvements	8,248	7,336	(912)	17
Machinery and Equipment	20,508	20,947	439	18
	28,756	28,283	(473)	

Explanation of major variances:

1. Central Management and Services' variance was due in part to vacancies during the year resulting in salary savings. Savings were also realized due to lower than anticipated rental costs for computer equipment. Costs from this subvote are allocated to the other subvotes; the total allocation is reduced accordingly as the actual costs were allocated.
2. The variance is due in large part to lower than anticipated salary costs, utility costs and allocated costs from PM01. These cost savings were partially offset by higher than budgeted amortization, maintenance and lease expenses.
3. The majority of savings for Program Delivery and Client Services were in the area of salary expenses. These savings were partially offset by higher than budgeted cost of goods sold due to increased sales activity for Infrastructure Support Services.
4. Wind Energy had savings at the end of the year due to a delay in signing a new contract.
5. An equipment replacement project was delayed and could not be completed by year end due to tendering delays.
6. The budget for recoveries is determined by using prior year actuals to estimate the ratio of ministry clients to external clients. This estimate is applied to the total recoveries expected for the fiscal year. A change in the client base or an increase in services provided to each type of client results in the variance to actual results. The total building recoveries variance to budget is $5,000.
7. The Regina Provincial Correctional Centre project is an ongoing multi-year project that will be completed in 2008-09.
8. The Saskatchewan Disease Control Laboratory project is an ongoing project that is planned to continue into 2009-10.
9. The SIAST Kelsey project, which included the purchase of an existing building, was funded through Supplementary Estimates by Advanced Education, Employment and Labour.
10. The variance in Purchasing was mainly due to salary cost savings resulting from position vacancies.
11. Vehicle Services experienced savings due to lower than budgeted amortization and fuel expenses.
12. Air Services expenses exceeded budget mainly due higher than anticipated material and repair costs and the disposal of an aircraft which resulted in a net book value loss.
13. Transportation charges allocated to ministries and charged to external clients were lower than budget.
14. The Mail Services variance results mainly from savings in postage costs and equipment rental.
15. The Telecommunications expense variance is largely due to higher than anticipated volume of activity, resulting in increased telecommunications costs, offset by salary savings due to vacancies. The increased costs were recovered from clients.
16. The Government Services recovery variance is primarily the result of increased activity levels in 2007-08 for Telecommunications Services.
17. Capital costs for land, buildings and improvements were lower than budget primarily due to a project that was reclassified as a maintenance project following budget development.
18. The equipment acquisition variance resulted from an increased quantity of vehicle purchases.

2007-08 Revenues

Government Services collects revenue mainly related to the provision of commercial activities. The following table outlines information on actual and budgeted revenues that are deposited into the GRF.

	Budget ($000s)	Actual ($000s)	Variance ($000s)	Notes
Commercial Operations	—	71,776	71,776	1
Other Own-source Revenue				
Sales, services and service fees	—	2,806	2,806	2
Other	—	2,766	2,766	3
Transfers from the Federal Government	—	72	72	4
TOTAL	—	77,420	77,420	

Explanation of major variances:

1. Commercial Operations revenue is received from clients that are external to the GRF. This is displayed as external recoveries in the Estimates for Vote 13.
2. The majority of the revenue from sales, services and service fees was obtained from the sale of previously expensed assets.
3. The majority of "Other" revenue consists of refunds of prior years' expenses. These refunds are accounted for as GRF revenue.
4. Federal transfers were received under the Commercial Building Incentive Program (CBIP) and from Natural Resources Canada in relation to building projects managed by the ministry.

For More Information

For general information about Government Services, visit www.gs.gov.sk.ca

Other important websites:

www.sasktenders.ca
www.sasksurplus.ca
www.shopspm.com
www.communitydonations.ca

For information about the Government of Saskatchewan, visit www.gov.sk.ca

For specific enquiries related to this report, please contact:

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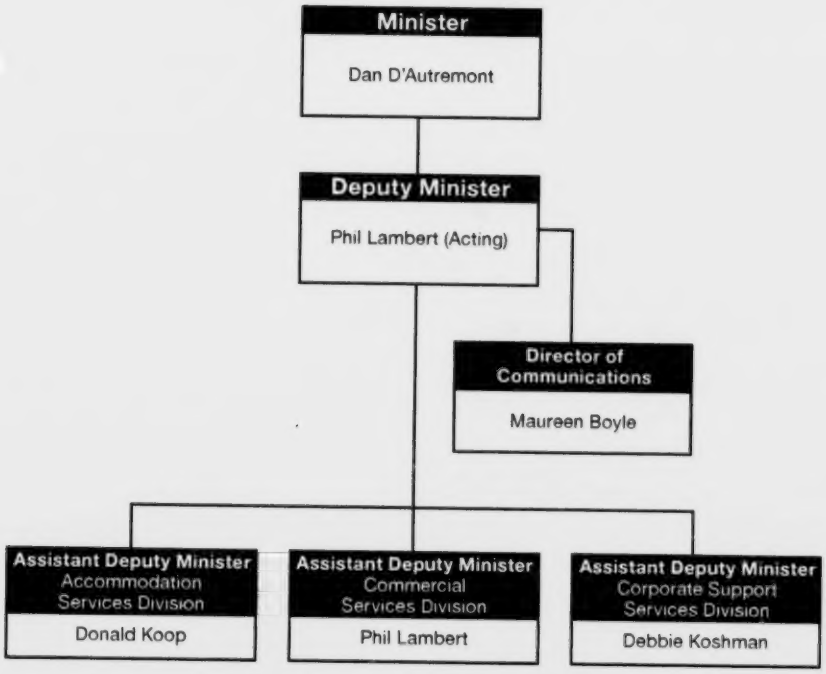
Appendix A – Organizational Chart



For information on the organization of each division, please see pages 3-4.

Appendix B – Key Pieces of Legislation

Key pieces of legislation for which Goverrnment Services is responsible:

- *The Public Works and Services Act*
- *The Purchasing Act, 2004* and *The Purchasing Regulations*
- *The Architects Act*
- *The Interior Designers Act*